

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: FRANCHISE GROUP, INC., <i>et al.</i> , ¹ Debtors.)))))))	Chapter 11 Case No. 24-12480 (LSS) (Jointly Administered) Re: Docket No. 1283 and 1293
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**CTO23 ROCKWALL LLC’S OBJECTION AND RESERVATION OF RIGHTS TO
DEBTORS’ MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING FRANCHISE
GROUP INTERMEDIATE V, LLC TO ENTER INTO AND PERFORM ITS
OBLIGATIONS UNDER THE ASSET PURCHASE AGREEMENT, (II) APPROVING
THE SALE OF CERTAIN ASSETS FREE AND CLEAR OF ALL CLAIMS, LIENS,
RIGHTS, INTERESTS, AND ENCUMBRANCES, (III) APPROVING THE
ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND
UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF**

CTO23 Rockwall LLC, successor in interest to Excel Rockwall LLC (“CTO23 Rockwall” or “Landlord”), by and through undersigned counsel, hereby files this objection and reservation of rights (“Objection”) to the *Debtors’ Motion for Entry of an Order (I) Authorizing Franchise Group Intermediate V, LLC to Enter Into and Perform Its Obligations Under the Asset Purchase*

¹ The Debtors in these chapter 11 cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy’s Newco, LLC (5404), Buddy’s Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors’ headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

Agreement, (II) Approving the Sale of Certain Assets Free and Clear of All Claims, Liens, Rights, Interests, and Encumbrances, (III) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief (the “Motion”) [Doc. No. 1283].² In support of its Objection, CTO23 Rockwall states as follows:

BACKGROUND

1. On November 3, 2024 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”) with the Court. [Doc. No. 1]. On November 5, 2024, this Court entered an order approving the joint administration of the Chapter 11 Cases. [Doc. No 38].

A. CTO23 Rockwall’s relationship with the Debtors.

2. CTO23 Rockwall, as landlord, and Debtor, Vitamin Shoppe Industries LLC (“Tenant”), are parties to that certain lease dated October 6, 2010 (together with all supplements, amendments, assignments and related documents, the “CTO23 Rockwall Lease”), pursuant to which Landlord has leased to Tenant a portion of that certain real property having an address of 1035 Interstate 30, Rockwall, Texas, as more particularly described in the CTO23 Rockwall Lease.

B. The Proposed Sale.

3. On December 16, 2024, the Court entered a bidding procedures order [Doc. No. 444] (the “Order”) authorizing the Debtors to conduct a bid process and auction for the Debtors’ assets. As of February 3, 2025, no qualified bids were submitted. On February 12, 2025, the Debtors filed a Notice of Cancellation of Auction [Doc. No. 961] cancelling any potential auction and adjourning any potential sale hearing indefinitely.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

4. On or about April 16, 2025, the Debtor filed the Motion, which requests authorization of the assumption and assignment of the Purchased Leases. The CTO23 Rockwall Lease is listed on the Schedule 1 of the proposed Sale Order which was attached to the Motion as Exhibit “A” (“Schedule 1”). The CTO23 Rockwall Lease is a Purchased Lease, and is listed on Schedule 1 with a cure amount of \$1,929.00.

5. On April 17, 2025, the Debtor filed its Notice of Filing of Amended Schedule 1 to the Sale Order [Doc. No. 1293] (“Amended Schedule 1”). The CTO23 Rockwall Lease is listed on Amended Schedule 1 with a cure amount of \$0.

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6. CTO23 Rockwall objects to the cure amount of \$0 as listed in Amended Schedule 1. CTO23 Rockwall asserts that the proper cure amount is at least \$1,261.00, plus all additional amounts that accrue or fall due prior to the effective date of assumption and assignment.

7. CTO23 Rockwall has been in contact with the Debtor to resolve the cure amount dispute. However, pending further discussions, CTO23 Rockwall files this Objection in order to preserve its rights to object to any cure amounts payable under the CTO23 Rockwall.

8. CTO23 Rockwall reserves the right to supplement this Objection, to assert other objections prior to, or at, the sale hearing. CTO23 Rockwall also reserves all of its rights or remedies in these bankruptcy cases.

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WHEREFORE, for the foregoing reasons, CTO23 Rockwall respectfully requests that this Court sustain this Objection, as may be supplemented in advance of the hearing.

Dated: April 30, 2025

BURR & FORMAN LLP

/s/ J. Cory Falgowski

J. Cory Falgowski (No. 4546)
Shannon D. Humiston (No. 5740)
222 Delaware Avenue, Suite 1030
Wilmington, DE 19801
Telephone: (302) 830-2312
Email: jfalowski@burr.com

- and -

J. Ellsworth Summers, Jr.
50 North Laura Street, Suite 3000
Jacksonville, FL 32202
Telephone: (904) 232-7200
Email: esummers@burr.com

Counsel for CTO23 Rockwall